



State of Washington
DEPARTMENT OF FINANCIAL INSTITUTIONS

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DATE: January 30, 2006

TO: All Consumer Loan Companies

FROM: Chuck Cross, Director of Consumer Services

Enclosed is a copy of the Rulemaking Order, Form CR-103, regarding the licensing and regulation of consumer loan companies. The final rules were filed January 27, 2006, with an **effective date of March 1, 2006**. The amendments to the rules reflect changes made to the Consumer Loan Act in 2001 and 2002 and additional clarifying language for existing rules that needed updating. As a result of the Governor's Executive Order 05-03, we repealed all the old rules and redrafted them in "Plain Talk" with each section beginning with a commonly asked question to make the rules more user friendly for licensees and the public.

In summary, the rules:

- Add definitions necessary to incorporate the statutory changes and other amendments;
- Clarify what loans are subject to the Act;
- Clarify the transactions covered by the Consumer Loan Act versus those covered by the Mortgage Broker Practices Act;
- Expand the documentary requirements for a license application;
- Eliminate the licensing requirement for providing certain back office services;
- Clarify the coverage requirements for the surety bond;
- Clarify the grounds for denying, conditioning, suspending, and revoking a license;
- Clarify use of a name other than the name on the license;
- Provide for sanctions for failure to file the annual assessments and worksheet when due;
- Clarify the calculation of the annual fee;
- Provide for additional reporting for significant events;
- Clarify the federal and state acts applicable to lending and brokering loans under the Consumer Loan Act;
- Clarify the authority to maintain electronic records; and
- Expand the prohibited business practices.

I want to thank the industry participants for all their work.

You can obtain a copy of our rules on our website at <http://dfi.wa.gov/resources/rulemaking.htm>. If you have any questions, please contact either Deb Bortner at (360) 902-0511 or dbortner@dfi.wa.gov or me at (360) 902-8733 or ccross@dfi.wa.gov.